

Uttlesford District Council

Year ending 31 March 2014

Audit Progress Report

13 February 2014

Performance and Audit Committee
Uttlesford District Council
London Road
Saffron Walden
Essex
CB11 4ER

13 February 2014

Dear Cllr Howell

Audit Progress Report - 2013/14

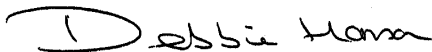
We are pleased to attach our Audit Progress Report.

Our report sets out the work we have undertaken since our last Committee meeting. The purpose of this report is to provide the Audit Committee with an overview of the stage we have reached in your 2013/14 audit and update you on the 2012/13 benefit claim to ensure our audit is aligned with the Committee's service expectations.

Our audit will be undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

Our Audit Plan accompanies this report to the February Performance and Audit Committee. We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Debbie Hanson
Director
For and behalf of Ernst & Young LLP
Enc

Contents

1. Work completed.....	2
2. Timetable.....	3
3. 2012/13 housing benefits claim.....	4
Appendix 1: Audit progress.....	5

In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission.

The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Progress Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Work completed

Audit progress

Since the last Audit Committee meeting we have held further meetings with the Chief Executive and Chief Financial Officer and other stakeholders as part of our ongoing audit process.

We have issued our Audit Plan to the February Audit Committee meeting. We have updated our preliminary risk assessment, taking into account developments since the last Audit Committee meeting, and set out our update of significant risks within the Audit Plan.

Value for money assessment

We are in the process of completing our value for money assessment against the Audit Commission's specified criteria and areas of focus. Namely:

- The organisation has proper arrangements for securing financial resilience
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness

We have completed our initial risk assessment for our value for money work, and have not identified any specific risks that we need to undertake additional local risk based work to address.

Grant claim certification

We have not yet started any work on the certification of your 2013/14 claims. We would highlight to the Committee that the number of claims subject to audit in 2013/14 is reduced compared to previous years, with the National Non Domestic Rates return in particular no longer being subject to audit for 2013/14.

Sector briefings

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters through our Sector Briefings. The next sector briefing paper is due out in March.

2. Timetable

Audit Committee Timeline

We have set out below a timetable showing the key stages of the audit, including the value for money work and the whole of government accounts, and the deliverables we have agreed to provide to you through the 2013/14 Audit Committee cycle.

We will provide formal reports to the Audit Committee throughout our audit process as outlined below. Where required, we will issue an Interim Report, summarising the findings from our audit at that stage. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter in order to communicate to the Council and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Deliverables
High level planning:	April 13	Audit Fee letter
Risk assessment and setting of scopes	December 13/ January 14	Audit Plan
Testing of routine processes and controls	January 14 to March 14	
Year-end audit	July 14 t to September 14	Report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This will also report on our Whole of Government accounts work).
Reporting	October 14	Audit completion certificate Annual Audit Letter

3. 2012/13 housing benefit claim

Current position

We reported in the 2012/13 Annual Audit Letter that the work on the Council's benefit claim was incomplete. This was reported to the DWP at the end of November 2013. Our initial testing of 20 cases from each headline cell identified errors. As a result, testing of a further 40 cases for each of the errors identified has been carried out by the Council. This testing covered the following seven benefit claim cells and specific issues:

- 61 (rent rebate entitlement),
- 67 (rent rebate eligible overpayment),
- 94 (rent allowance entitlement),
- 99 (rent allowance - rent officer determination),
- 114 (rent allowance eligible overpayments),
- 144 (council tax entitlement) and
- 148 (council tax eligible overpayments).

This additional testing has now been completed by the Council and we are currently re-performing a sample of their work. Some queries have arisen which, at the time of preparing this report, are still being discussed with the Council. We have therefore not been able to conclude this work and issue our report on grant claim certification as planned. We are currently in discussions with the Assistant Chief Executive – Finance to agree the most cost efficient and effective approach to the completion of this work.

Members will wish to note that the individual errors being identified are small but under the requirements of the Certification Instruction which has been agreed between the DWP and the Audit Commission, and which we must comply with in undertaking this work, there is no materiality so every error above rounding counts as an error for reporting purposes. Although, a sample of 40 may seem a large number it is very small in comparison to the total population of cases. Consequently a small error on individual cases can result in a large extrapolated error, and potential recovery of subsidy paid to the Council by the DWP.

As reported to previous Committee meetings, the housing benefit claim is a very high value and complicated claim and the majority of benefit claims subject to audit are amended or qualified or both as a result of errors identified. The level of errors we have identified in relation to the 2012/13 claim is however higher than in previous years.

The level of additional testing that has been required this year as a result of the errors identified has had a significant impact on the benefits department and could affect the department's ongoing performance. We recognize this and will be working with the Assistant Chief Executive – Finance to help improve arrangements for 2013/14. This will include the provision of additional training on the use of the workbooks to the benefits team as well as provision of detailed feedback on the issues identified so this can be fed into the Council's own training program for benefits staff.

Appendix 1: Audit progress

Progress against key deliverables

Key deliverable	Timetable in plan	Status	Comments
Report on the 2013 Audit of Grant Claims	December 2013	In progress	Benefits 40+ testing is currently in progress
Audit Certificate	September 2013	In progress	Outstanding objection is still being dealt with
Fee Letter	April 13	Completed	Reported to April 2013 Performance and Audit Committee
Audit Plan	December/January 2014	Completed	Reported to February 2014 Performance and Audit Committee
Report to Those Charged with Governance	September 2014		
Audit Report (including opinion and vfm conclusion)	September 2014		
Audit Certificate	September 2014		
WGA Certificate	September 2014		
Annual Audit Letter	October 2014		
Report on the Audit of Grant Claims	December 2014		

Ernst & Young LLP

Assurance | Tax | Transaction | Advisory

www.ey.com/uk

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© Ernst & Young LLP 2012. Published in the UK.
All rights reserved.